Business cycle signals

Results of the SNB company talks

Third quarter of 2026

Report submitted to the Governing Board of the Swiss National Bank for its quarterly monetary policy assessment

The appraisals presented here are based on discussions between the SNB's delegates for regional economic relations and members of management at companies throughout Switzerland. In its evaluation, the SNB aggregates and interprets the information received. A total of 210 company talks were conducted between 21 July and 8 September.

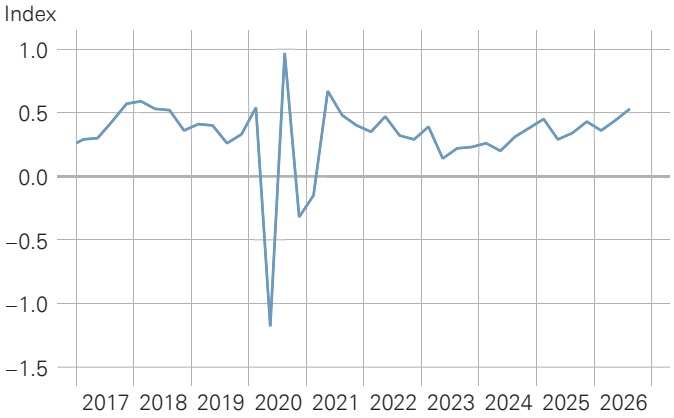
Regions	**Delegates**
Central Switzerland	Astrid Frey
Eastern Switzerland	Urs Schönholzer
Fribourg/Vaud/Valais	Aline Chabloz
Geneva/Jura/Neuchâtel	Jean-Marc Falter
Italian-speaking Switzerland	Fabio Bossi
Mittelland	Roland Scheurer
Northwestern Switzerland	Daniel Hanimann
Zurich	Marco Huwiler

Key points

- According to the talks with company representatives, the Swiss economy grew robustly in the third quarter. Business activity in manufacturing is gathering pace, while services companies continue to show solid momentum. Order books in the construction industry remain full.
- Companies anticipate a robust rise in turnover in the coming quarters as well. They regard the uncertainty around turnover growth as being lower than in the previous quarter.
- For the first time in several quarters, staff levels are said to be somewhat too low and companies plan to increase hiring in the coming quarters. Finding new staff is easier than usual. Wage increases are likely to average 1.3% in 2027, following 1.5% this year.
- Companies are facing rising transport costs and a procurement situation that remains slightly more difficult. There are, for example, longer delivery times for some petroleum-based products and electronic components, and price momentum is elevated.

Chart 1

TURNOVER

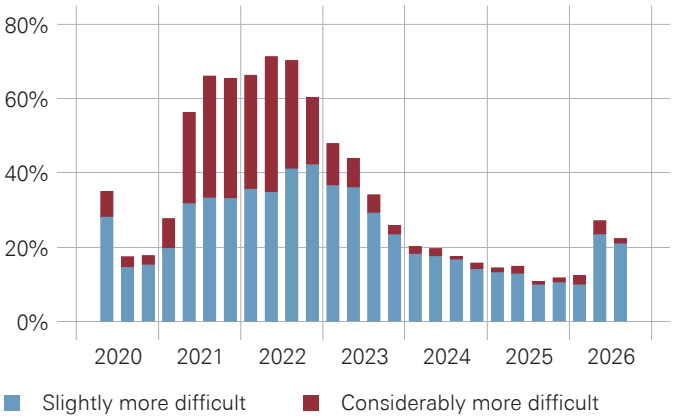


Developments in real turnover compared to the previous quarter. Positive (negative) index values signal an increase (decrease).

Source(s): SNB

Chart 2

PROCUREMENT SITUATION



Share of companies facing a more difficult procurement situation as compared to a normal situation.

Source(s): SNB

Chart 3

CAPACITY UTILISATION

Utilisation of technical capacity and/or business infrastructure compared to a normal level. A positive (negative) index value signals utilisation is higher (lower) than normal.

Source(s): SNB

CURRENT SITUATION

Robust growth in turnover

According to the talks with company representatives, the Swiss economy grew robustly in the third quarter (chart 1). Turnover in manufacturing has increased significantly. The dampening effects of the Middle East conflict and the uncertain tariff situation have eased.

Companies report an upturn in demand from Europe. They are seeing an increase in new orders from Germany, including more from the construction sector again. Order intake from the automotive industry, however, remains at a low level. There continues to be solid growth in demand from the US sales market. Business in the Asian region remains mixed: While some suppliers are benefiting from rising demand from manufacturers in China, most are experiencing increasing competitive pressure from Chinese companies. India is an increasingly important growth market for many companies.

Services companies are mostly maintaining the solid turnover growth trajectory seen in previous quarters. However, the many hot days in July and August led to noticeable changes in people's leisure behaviour which affected sales at various businesses. Retailers, for example, saw less passing trade, whereas tourism businesses at higher altitudes experienced strong demand.

Thanks to persistently high demand for infrastructure and residential building, construction companies continued to report full order books.

Slightly tight procurement situation

Although the procurement situation for companies improved somewhat in the third quarter, it remains slightly tight (chart 2). There are difficulties with some petroleum-based products such as packaging materials and plastic coatings. Certain electronic components, particularly high-performance processing and memory chips, are also still in short supply. This is leading to longer delivery times and price increases. A number of manufacturing companies also report difficulties in sourcing specific metals from China.

Improvement in technical capacity utilisation

The third quarter saw a significant increase in technical capacity utilisation (chart 3). The better order situation enabled companies to utilise their capacity more fully than in previous quarters, particularly in manufacturing. Despite this improvement, capacity utilisation in this sector remains lower than average. Services companies report a slight rise in capacity utilisation compared with the previous quarter, and it is now said to be at a reasonable level. As in the previous quarter, capacity utilisation in the construction sector is somewhat higher than usual.

Staff levels somewhat too low

For the first time in several quarters, staff levels are considered to be somewhat too low (chart 4). The construction sector reports pronounced staff shortages. In services and manufacturing, by contrast, shortages are said to be only slight.

When asked about the impact of artificial intelligence (AI) on staffing requirements, just under a quarter of companies reported lower demand for staff as a result of using AI (chart 5). However, the savings are mostly small and primarily affect administrative tasks. Production processes in manufacturing are often already highly automated. Companies in the construction sector and in industries where face-to-face interaction plays a major role also see little potential for using AI in their core business. Added to this, data protection issues or a lack of data infrastructure are in some cases curbing AI usage. Some companies are currently starting projects aimed at enabling them to make effective use of AI in the coming years. Demand for staff will thus initially increase at some companies.

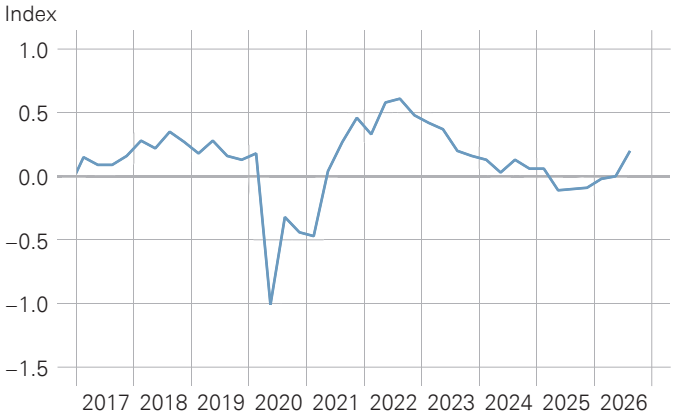
Filling vacancies has been said to be relatively easy for several quarters now. Companies in the manufacturing and services sectors are noticing that staff levels in the economy have been reduced in recent quarters and that more staff are available as a result. In the construction sector, filling project management and leadership positions remains challenging.

Robust margin situation

Profit margins rose in the third quarter and are at a robust level (chart 6). The main factor contributing to this improvement is better utilisation of technical capacity and staff. For export-oriented companies, the weaker Swiss franc is also having a positive impact on margins.

Chart 4

STAFF SHORTAGES

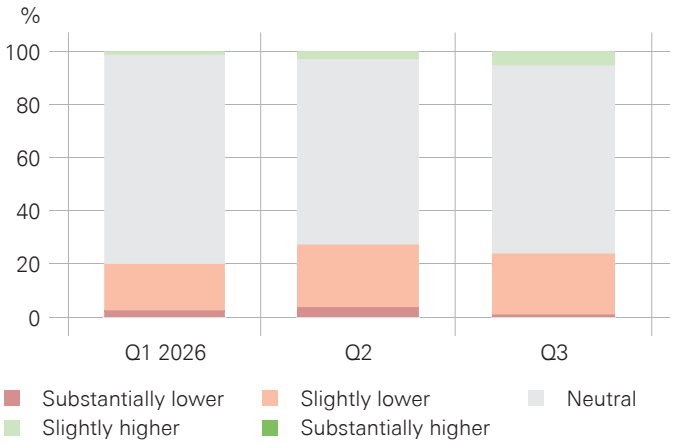


Assessment of staff numbers. Positive (negative) index values signal staff numbers that are lower (higher) than necessary.

Source(s): SNB

Chart 5

IMPACT OF AI ON DEMAND FOR STAFF

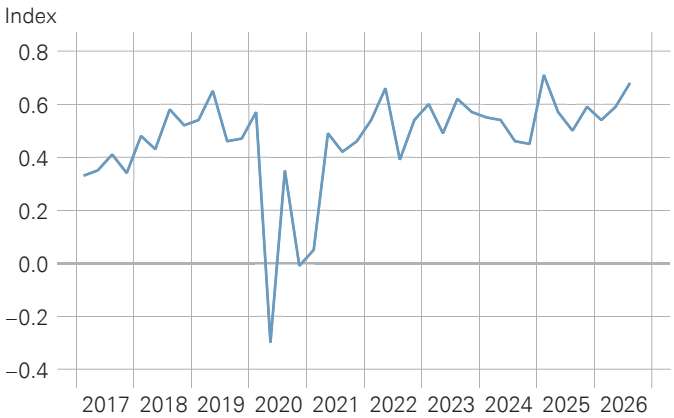


Change in current demand for staff due to use of AI

Source(s): SNB

Chart 6

CHARACTERISATION OF MARGINS



Characterisation of the margin situation. Negative (positive) index values signal an uncomfortable (comfortable) margin situation.

Source(s): SNB

DEVELOPMENTS IN INDIVIDUAL INDUSTRIES

Increasingly broad-based upturn in manufacturing

Manufacturers are seeing an increasingly broad-based upturn in business activity. There is dynamic growth in demand for products for data and computing centres, energy infrastructure and electrification, medical technology, aerospace and defence. Companies are also benefiting from robust demand from the domestic construction sector and a pick-up in construction activity in Germany.

Suppliers to the German automotive industry, however, see hardly any signs of an upturn. Companies are trying to position themselves in related markets, for example as suppliers to the aerospace and defence industries or to the Chinese automotive industry.

Momentum also remains very subdued in the watchmaking industry. There are still hardly any signs of an upturn in demand from China. Production capacity at the companies affected remains significantly underutilised.

The pharmaceuticals industry reports a solid order situation at present. Uncertainty surrounding the new US pharmaceutical pricing regime and tariffs is leading to a reluctance to invest at companies' Swiss sites, however.

Mixed developments in trade industry

The development of sales volumes in retail trade is mixed. Some retailers report only a tentative recovery in consumer confidence and a decline in passing trade owing to the hot weather. In bricks-and-mortar retail in particular – for example clothing, cosmetics and furniture – this is exacerbating an already challenging business environment resulting from strong online competition. Demand for food, DIY and gardening products, by contrast, is developing positively.

Wholesalers report solid growth in sales volumes overall. Trading volumes are being underpinned by the recovery in manufacturing and continued robust demand from the construction sector. In the consumer goods business, however, momentum is mixed. The subdued performance of parts of the retail industry is also making itself felt at some suppliers. Commodity traders are benefiting from the strong price fluctuations on global markets.

Hospitality affected by geopolitical situation and high temperatures

Tourism businesses have noticed a drop in visitor numbers from Asia owing to the geopolitical situation, while demand from domestic visitors has increased. The repeated heatwaves have led to an increase in last-minute bookings at establishments in somewhat cooler locations at higher altitudes. In food services, there is a lack of positive impetus. In addition to consumer sentiment, which remains subdued, companies also cite the many hot days as having weighed on their business. The high temperatures resulted in lower turnover, particularly during the day.

Robust business activity in financial industry and management consulting

Business activity in the financial industry remains robust. Mortgage volumes continue to rise. The securities and investment business is also faring well thanks to a steady inflow of assets under management and brisk trading activity on the part of investors.

Management consulting is also reporting solid demand momentum. There is sustained demand for tax advice and support with restructuring and measures to increase efficiency. AI is transforming the consulting business in various ways. On the one hand, it is boosting consultants' productivity. On the other hand, the deployment of AI models is driving up IT costs. Billing for this new cost component is a challenge for services providers.

Slowing momentum in ICT

Sales momentum in the information and communications technology (ICT) industry is slowing. Process automation, cloud services and cybersecurity remain key drivers of growth. However, ICT companies are noticing a certain degree of reluctance among their customers when it comes to placing orders. They attribute this to an uncertain environment and a tendency on the part of various companies to opt for in-house solutions when developing software.

Solid order situation in construction

Orders are still very solid in construction. The public sector is continuing to invest in infrastructure development and demand for residential construction remains high. Some companies are seeing conversions and renovations being brought forward in anticipation of the planned abolition of the imputed rental value. Demand from the manufacturing sector, however, remains subdued. Some construction firms point out that labour productivity suffered during the summer owing to the high temperatures and to the fact that on some days it was not possible to work outdoors.

OUTLOOK

Positive business outlook and reduced uncertainty
Having seen their optimism dampened by the conflict in the Middle East in the second quarter, companies are now very confident about their future business prospects. Their expectations regarding the development of business over the next two quarters is back at the optimistic level seen at the beginning of the year (chart 7). Furthermore, companies consider the uncertainty surrounding developments in turnover to be relatively low. Although the future course of the conflict in the Middle East remains difficult to predict, companies now expect the economic impact to be less severe than was feared in the previous quarter.

Robust investment plans – solid increase in staffing levels
Companies are planning to substantially increase their capital expenditure. In construction and manufacturing there is a certain amount of pent-up demand for replacement investment. Some manufacturing companies are also planning to step up their investment in automation and digitalisation. Services companies continue to invest heavily in their IT infrastructure, for example in connection with the planned deployment of AI or protection against cyberattacks.

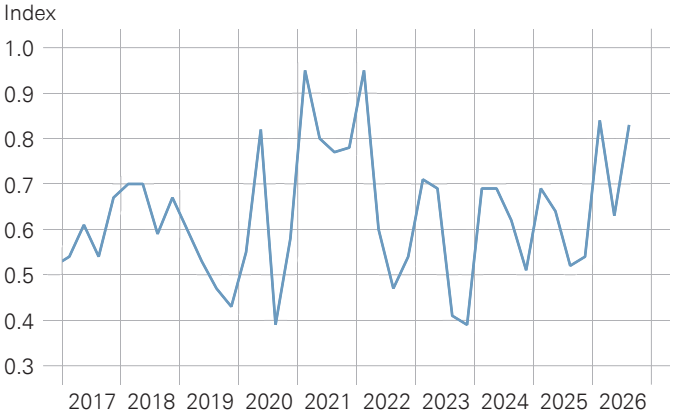
At the same time, companies expect solid increases in staff levels in the next two quarters (chart 8). Thanks to the improved order situation, this also applies to manufacturing companies, which in recent quarters had still been assuming that staff levels would stagnate.

Slight decline in wage growth
The companies visited anticipate average wage growth of 1.5% this year, followed by 1.3% in 2027 (chart 9). Mostly, increases are being granted on an individual basis. However, many companies have still to conduct their wage negotiations. Companies cite their own business performance, the development of inflation, and the labour market situation as factors that will ultimately influence wage developments.

Purchase price momentum remains elevated
Companies expect purchase price momentum to remain elevated. For manufacturing and construction companies, transport costs, petroleum-based products and electronic components are to the fore. Services providers emphasise rising prices for software licences, cloud services, AI applications and IT security. Retailers and restaurants also fear that the dry summer could lead to increases in food prices.

Chart 7

EXPECTED TURNOVER

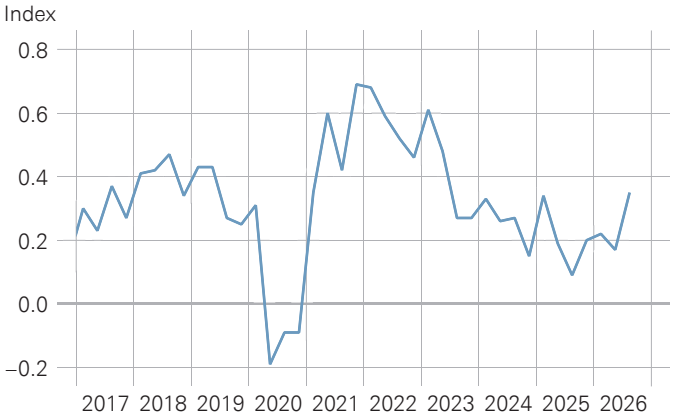


Expected developments in real turnover over the coming two quarters. Positive (negative) index values indicate turnover is expected to be higher (lower).

Source(s): SNB

Chart 8

EXPECTED EMPLOYMENT

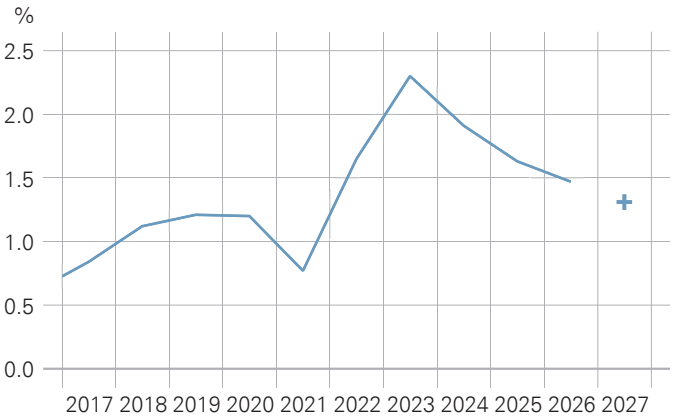


Expected developments in staff numbers over the coming two quarters. Positive (negative) index values indicate an expected increase (decrease).

Source(s): SNB

Chart 9

WAGE INCREASES



Expected average wage increase for the coming year (cross) and agreed annual wage increases (line).

Source(s): SNB

Chart 10

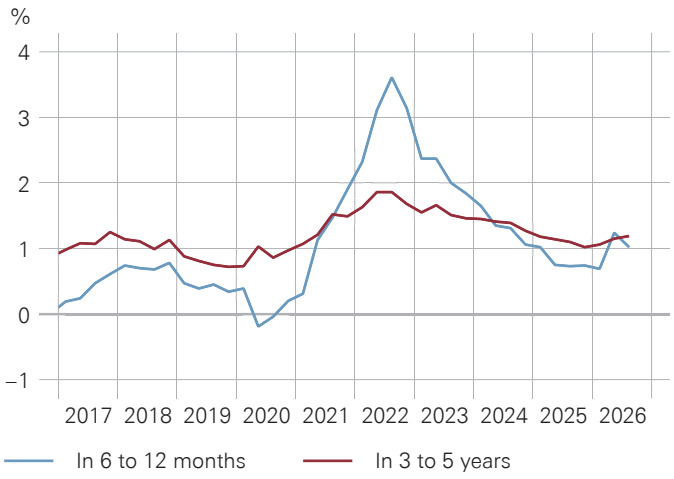
EXPECTED CHANGE IN PURCHASE AND SALES PRICES

Expected price development for the next 12 months. Positive (negative) index values indicate higher (lower) prices are expected.

Source(s): SNB

Chart 11

EXPECTED INFLATION



Source(s): SNB

The momentum in sales prices is somewhat less pronounced than for purchase prices (chart 10). Companies attribute this partly to the fact that sales prices can often only be adjusted to reflect the rise in costs after a certain delay, and not always in full. For many companies, moreover, the rise in the cost of intermediate goods is of less consequence than the moderate increase in labour costs.

INFLATION EXPECTATIONS

The delegates ask company representatives about their own short and long-term inflation expectations.

Short-term inflation expectations as measured by the consumer price index have fallen slightly: The average for the next 6 to 12 months is now 1.0%, compared with 1.2% in the previous quarter (chart 11). Given the dry summer, increases in food prices are expected in some cases. However, fuel prices are cited significantly less often as a factor driving up prices than in the previous quarter. Inflation expectations over a 3 to 5-year horizon remain unchanged at 1.2%.

About this report

Each quarter, the SNB's delegates for regional economic relations hold more than 200 talks with company executives. The selection of companies reflects the industrial structure of the Swiss economy based on GDP and employment. Industries subject to stronger cyclical fluctuations are somewhat over-represented, while public administration and agriculture are not taken into consideration. As a rule, the companies in the sample have at least 50 employees. The sample changes each quarter.

In the talks, the SNB's delegates capture primarily qualitative information. The discussions are nevertheless structured in such a way as to allow the delegates to grade part of the qualitative information received according to a numeric scale. The five-tier scale ranges from 'substantially higher' or 'much too high' (+2), 'slightly higher' or 'somewhat high' (+1), 'the same' or 'normal' (0), 'slightly lower' or 'somewhat low' (–1), to 'substantially lower' or 'much too low' (–2). The index values shown in the charts represent an average of the findings from all companies visited.

Further information can be found in the 'Business cycle signals' reports at www.snb.ch, The SNB/Regional economic relations.

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